



## Quarterly Report

For the period ending 30 September 2019

### HIGHLIGHTS

- The very substantial work and studies including previous test mining support the Company's view that the Charters Towers Gold Project can provide a long and profitable mine life for the Company, shareholders and the local community.
- Major project funding discussions actively continued with potentially interested strategic partners to expand Citigold's production-ready Charters Towers Gold Project. The Company has seen an increase in interest by potential funding partners with the gold price strengthening in 2019
- The Company continues to review its business plans, schedules and strategies with operational and capital cost efficiencies an ongoing focus.
- Mineral Resources and Ore Reserves remain unchanged during the period.
- The Quarter saw a focus on the upside potential for exploration areas held by the Company that surrounds our production leases that have along strike potential for extensions of existing mineral resources.
- Planning continued for the move into gold production at the Charters Towers project as an ultra-low-cost gold producer.
- The Company has substantial inherent value in its large high-grade Charters Towers gold assets.
- Our aim is to be a 300,000 plus ounces per annum ultra-low-cost gold producer in five years using state of the art technologies and efficiencies, all with the aim of returning substantial profits to shareholders in harmony with the local environment.

## **OPERATIONS**

### **Planned Resumption of Mining**

Corporate plans for the resumption of mining remain unchanged with the main 'Central Mine' underground to be the first area planned to be reopened.

The underground mining operations at the Company's Charters Towers 'Central' and 'Imperial' mining areas remained on care and maintenance during the quarter, with no gold production.

Designs and strategies for the Central Mine continued to be refined during the quarter.

The 'Central' underground mine is to be the focus of future mining operations and is the area planned to be reopened. It is expected to be a major contributor to our aim of being a 300,000 plus ounces gold producer within 5 years.

Resumption of mining at Charters Towers is contingent on a sufficient level of capital financing, with active planning continuing during the quarter.

The Charters Towers Gold Project is the Company's prime focus.

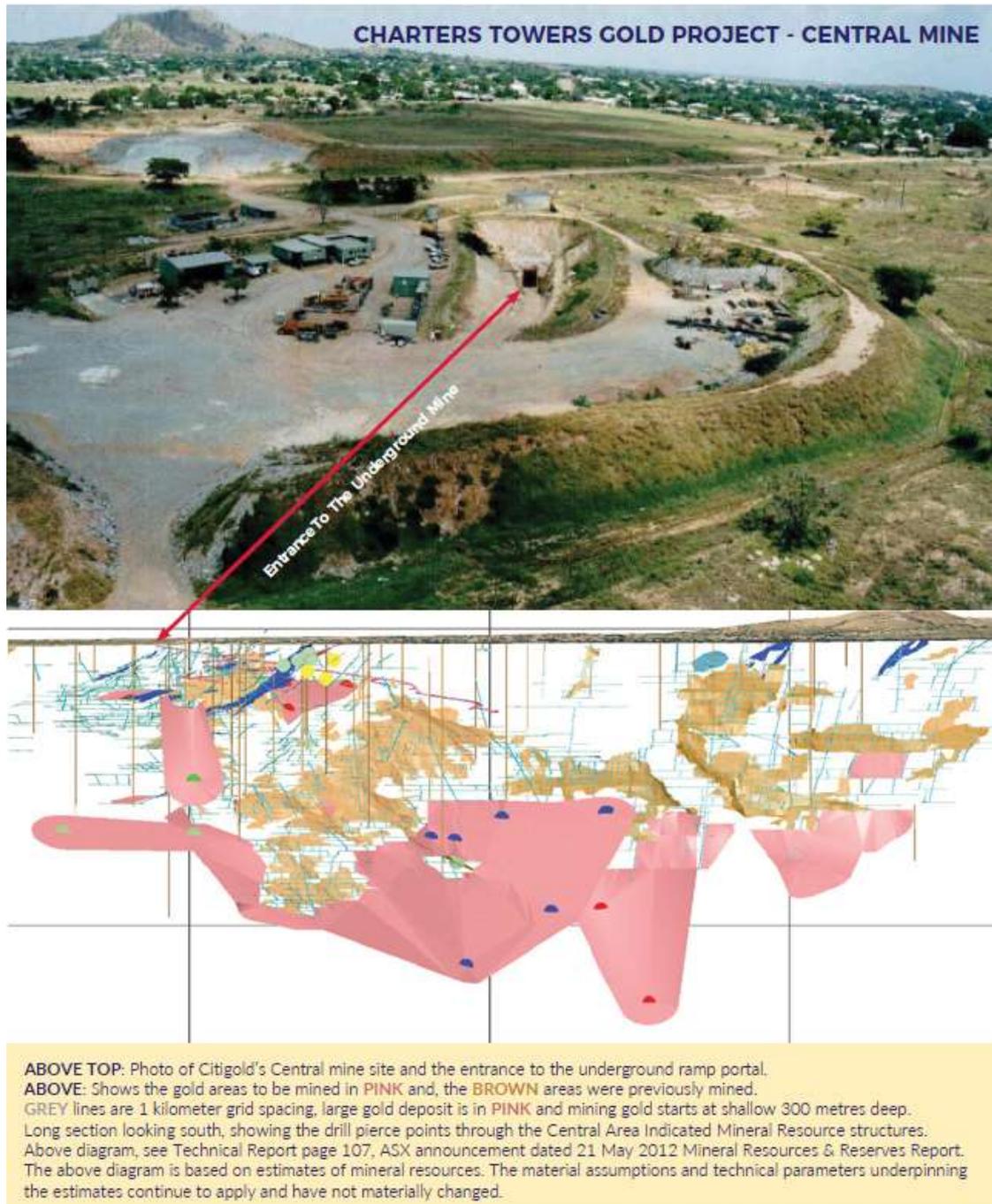
Citigold's go-forward business plan is an outsourced model. This approach can bridge the usual 'growing pains' involved in expanding by internally building a staffing team. There is a core team at Citigold with a clear plan to develop the mine, and they can engage external consultants and contractors to undertake all of the relevant tasks. An outline of the mining plan for the Central mining area has been given in previous reports. The early development plan is, in summary:

- The Central Decline (access tunnel) extension is to be extended by circa 1,100 metres roadway length down to a vertical depth of 360 meters. Initial mining is expected to be at a relatively shallow circa 300 metres depth.
- The first gold reefs (lodes) scheduled to be opened are the C03W, C38 and C39 and then move on to C05E. Access tunnels (ramps and crosscuts) to the C03W, C38 and C39 will come off the Central access tunnel extension, and gold reef access tunnels (drives) will be driven at nominal 20 metre vertical levels along the length of the reefs to provide closely-spaced grade control samples.
- Gold ore extraction (stoping) will commence once these levels are developed, and a second ventilation and emergency exit (egress) are established.

With this solid data foundation to build on, the remaining project funding will be mainly used for the underground development, tunnelling and materials handling systems for the 'Central' mining areas.

The very substantial work and studies including previous test mining, support the Company's view that the Charters Towers project can provide a long and profitable mine life for the Company, shareholders and the local community.

We continue to plan for the resumption of underground mining at the Central mine. We will be focused on beginning to deliver on our announced strategy. Your Company has substantial inherent value in its large high-grade Charters Towers gold assets.



## GEOLOGY AND EXPLORATION

The Quarter continued to see an ongoing focus on the upside potential for exploration areas held by the Company that surround our production leases that have along strike potential for extensions of existing mineral resources.

During the Quarter, assessment continued of the frequency of the payable sections of past mining and reassessment of geological information collected by the Company have led to the geological conclusion that the payable sections of the reefs may be more frequent and/or closer spaced than previously thought. This new assessment means that there will be an ongoing reassessment of much of the surface and underground data collected with this new assessment in mind.

This is coupled with the ongoing efforts to consolidate the numerous databases into one database so that all geological information can be more easily interrogated. The Company's knowledge on Charters Towers reef systems is unique in the world due to the large investment to date in all facets of exploration, including underground test mining data collection.

During the Quarter, no new exploration drilling was undertaken.

The Company has been optimising its mineral land holdings at Charters Towers with the aim of focusing on the core gold mining operations, and the exploration of the surrounds both along strike and down dip of the defined and yet to be defined reef systems. The fullest exploration of the Charters Towers goldfield is planned. Substantial exploration funds are budgeted for in our overall go-forward budgets.

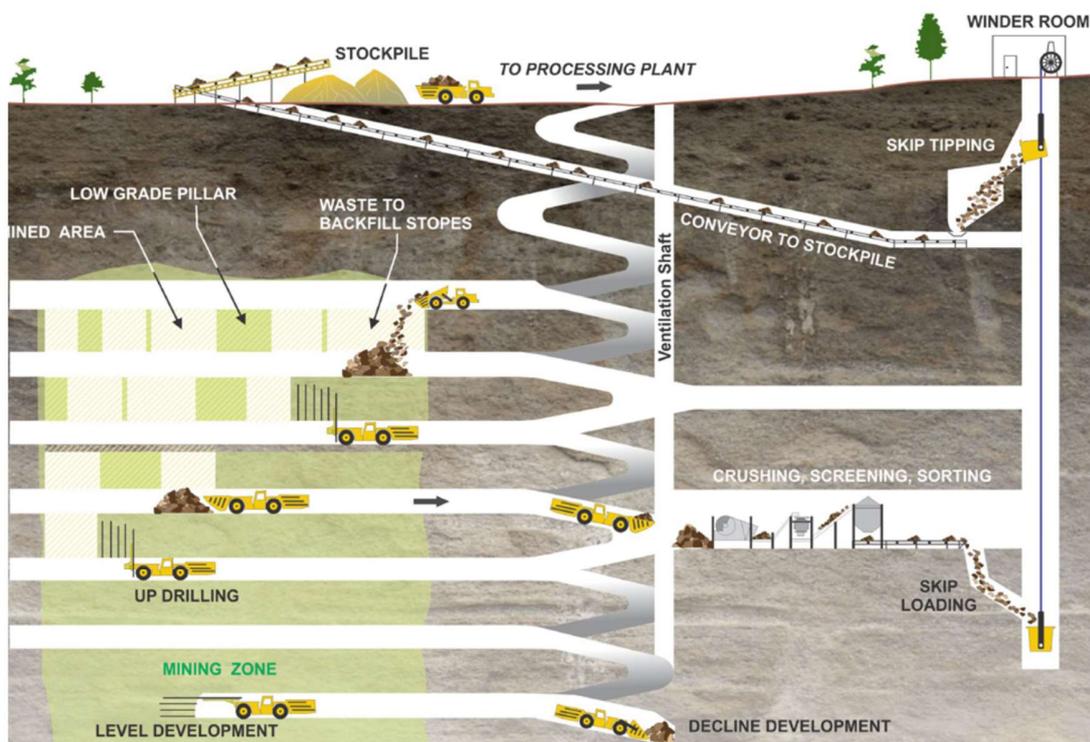
Regulatory reporting and compliance continued during the Quarter.

### Mineral Resources and Ore Reserves

Citigold Mineral Resources and Ore Reserves for the overall Charters Towers Gold Project are reported in accordance with the Australasian JORC Reporting Code 2012.

The Company's prime focus is the Charters Towers Gold Project. The Project comprises of the 11 million ounce gold deposit, with an Inferred Mineral Resource of 25 million tonnes at 14 grams per tonne gold and 620,000 ounces of gold in the Probable Ore Reserve (2.5 Mt @ 7.7 g/t Au at a 4 g/t cut-off) (see ASX announcement dated 21 May 2012 Mineral Resources and Reserves report). Mineral Resources and Ore Reserves remain unchanged during the period. The material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

See full report: <https://www.citigold.com/technical-reports/>



Diagrammatic representation of the underground mining method proposed for the Central area of the Charters Towers gold mine. It is a fully mechanised narrow width open stope method, that was successfully used previously. Initially haulage to surface will be by truck then by vertical shaft as the ore tonnes increase.

## **Research and Development**

Overall, Citigold's innovation program in mining and exploration is driven by finding what is useful and works at Charters Towers, rather than what is applicable to the general industry.

Renewable energy is planned, over time, to become the primary energy source. Modern renewable energy and battery storage systems provide benefits not available a decade ago.

Interest is being explored with external parties about the potential supply of renewable energy to the mining operations. There is the potential for a captive energy for the mining operations only and or the ability to export larger quantities above the mines own needs.

The Company is currently considering further developing previously trialled technologies for wider application with the Company's forward exploration program at Charters Towers.

Citigold's innovation efforts and achievements will assist the faster definition of the high-grade gold areas, and the formation of our automation and development plans is still continuing.

The Company plans to become a net-zero emissions underground mine over time. The underground is planned to optimise the use of electricity underground, eventually eliminating diesel engine power and its associated pollution.

This will make for a safer and cleaner air working environment. Furthermore, this then results in reduced energy use for powering the ventilation fans that are used to counter the effect of diesel engines that pollute the same air humans need to breathe. Diesel consumes oxygen and generates substantial excessive heat and airborne particulates.

## **HEALTH, SAFETY, COMMUNITY AND ENVIRONMENT**

There were no Lost Time Injuries, significant environmental, health or safety issues during the quarter.

There were no reportable environmental incidents during the quarter. The Company's project strives for good environmental operations and continues its pleasing record. These favourable achievements, on the ground, are assisted by the relatively benign chemical properties of the local rocks and the operational care taken at the sites.

The Company's Lost Time and Disabling Injury Frequency Rate (LTIFR and DIRF) remain at zero. Citigold is committed to creating and maintaining a safe environment both at the workplace and in the local community.

## **CORPORATE**

### **Financial Highlights**

During the quarter, the Financial Report as at 30 June 2019 was released. The loss after tax for the Company was \$2.47 million for the year (2018: profit of \$13.3 million).

The net assets for the Company are \$100 million as at 30 June 2019 (2018: \$101 million).

The period further saw the Company completing a broad shareholder \$1.21 million capital raising, confirming the continued support of investors and shareholders.

With the production-ready Charters Towers Gold Project remaining in care and maintenance, the focus is on completing the major funding discussions in the near term and moving to gold production and revenue thereafter.

During the quarter, the existing partly drawn loan facility increased to \$700,000 and has been extended to 7 June 2021. The interest rate of 12% per annum and all other terms remains unchanged.

The Company has the share placement flexibility to issue securities up to 15% annual placement capacity and may raise up to, or above, circa \$2 million depending on the share price. The Company further has the ability to raise funds from the sale of gold in the ground and loan facilities as previously announced.

### **Development Funding**

Activities during the Quarter continued to remain heavily focused on advancing discussions with strategic funding partners. With the recent strength in the US\$ gold price, near US\$1,500 (AU\$2,220) per ounce, interest in our production-ready gold project has increased.

### **CHARTERS TOWERS PROJECT OVERVIEW**

Citigold is an Australian gold mining and exploration company, operating on the high-grade Charters Towers goldfield in north-east Australia, 1,000 kilometres north of Brisbane, Queensland, and 130 kilometres south-west from the major coastal port of Townsville.

The Charters Towers Gold Project is one of Australia's largest high-grade pure gold deposits.

The Company does not require additional mine acquisitions to sustain long term gold production. Citigold has already invested over \$200 million in acquiring the gold deposit and developing the infrastructure for mining at Charters Towers. Test mining operations have produced over 100,000 ounces of gold.

The Company is seeking to raise the required capital funding to complete the underground capital works. The business plan and capital expenditure program shows the gold production to commence within 12 months of the injection of the required capital.



ABOVE: Underground during test mining loading rock into truck for haulage to the surface. This was at the 'Imperial mine, located about 5 kilometres from 'Central'. Future mining will be at 'Central' where there are many more reefs.



ABOVE: A mined area from Citigold's test mining showing the floor of the level drive, and the stope voids (ore extracted area) above and below the level. The ore has been cleanly extracted, showing how the mining method minimizes dilution by maintaining a narrow stoping 'slot' width.

## SUMMARY OF MINING TENEMENTS & AREAS OF INTEREST

Citigold reports that the Consolidated Entity has a 100% control of the following mining tenements at Charters Towers as at 30 September 2019.

Exploration Permit Minerals	EPM 15964	EPM 15966	EPM 18465	EPM 18813	EPMa 27287
Minerals Development Licences		MDL 118	MDL 119	MDL 252	
Mining Leases	ML 1343	ML 1430	ML 1545	ML 10093	ML 10283
	ML 1344	ML 1472	ML 1549	ML 10193	ML 10284
	ML 1347	ML 1488	ML 1585	ML 10196	ML 10335
	ML 1348	ML 1490	ML 10005	ML 10208	
	ML 1385	ML 1491	ML 10032	ML 10222	
	ML 1398	ML 1499	ML 10042	ML 10281	
	ML 1424	ML 1521	ML 10091	ML 10282	

For further information contact:

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Or visit the Company's website – [www.citigold.com](http://www.citigold.com)

**Cautionary Note:** *This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of the control of Citigold Corporation Limited and may cause actual results to differ from the release. Citigold Corporation Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.*

### **Competent Person Statement:**

**The following statements apply in respect of the information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves:** *The information is based on, and accurately reflects, information compiled by Mr Christopher Alan John Towsey, who is a Corporate Member and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Towsey is a Chartered Professional (Geology) and currently independent of Citigold Corporation Limited, having previously been a Director of the Company from 2014-June 2016. He has the relevant experience in relation to the mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Identified Mineral Resources and Ore Reserves 2012. Mr Towsey has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.*

**For full details see Technical Report on the Mineral Resources and Reserves at [www.citigold.com](http://www.citigold.com) click Mining > Technical Reports > Mineral Resources and Reserves 2012**